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## INTRO TO $\nexists$ (THERE IS NO ECONOMIC WORLD)

ECONOFICTION, GENERICSCIENCE, PHILOFICTION NON-ECONOMY, NON-LARUELLE

1. ***"If the fool would persist in his folly he would become wise."*** ~William Blake – *Proverbs of Hell*

If philosophy is institutionalized ultracrepidarianism, non-philosophy is rigorous charlatanism. Laruelle shows us that it takes quite a bit of effort to say nothing at all. In a crisis-filled decade where everybody and their grandmother has an opinion about how to fix the economy, it would seem that every stance has been taken, every possible opinion has been voiced—except, perhaps, a highly idiosyncratic one: that it is not meaningful to talk about ‘capitalism’ as such, that “There is no economic world.” My exploratory essay, which I refer to for short as  $\nexists$  (meaning ‘there does not exist’), marks one of the first forays into *applied* non-philosophy. The discipline of economics is routinely derided in newspapers, ridiculed by other disciplines, and slotted for replacement by innumerable surrogates; and yet, it is overwhelmingly listened to and respected in practice. Hence the approach in  $\nexists$  is threefold: to treat this derision as a *symptom*; to not alter the corpus of economics in any way except on the level of interpretation; and to refuse any appeal to the notion of ‘rigor’, but instead treat economics as a *genre of writing* that can and should be justifiable on the basis of its qualitative merit.

Laruelle’s work is indispensable for this purpose: while numerous philosophers from Bataille and Klossowski to Deleuze and Stiegler attempt to raise monetary objects such as debt, labour, and capital to the level of philosophical objects, all of these overcode the *formalism* used by economists—they say nothing about *economics* as such, but only the *economy*. Laruelle provided a way to distance oneself from ‘worldly’ concepts, and explain the exorbitant difficulty I’d had in using philosophy, my hobby, to write about economics, my major. Yet, since François Laruelle has no real interest in the topic—and I hardly blame him—this was largely an exercise in reading between the lines, sifting through his corpus for the odd half-relevant idea. The sole passage in Laruelle’s oeuvre that *does* touch on economics at length is in an essay about, of all things, translation (2006: 63):

We distinguish exchangeability or translation as encompassed within a general element which is necessarily philosophical in kind or convertibility which regulates this exchange, from unilateral translation or translation by inexchangeability. ‘The equivalent’, (either ‘sought for’ or ‘general’), that favored word of translators and economists, is a nest of questions begging assumptions and paralogisms, and harbours the most archaic of philosophical pretensions. If there is an ‘equivalent’ that is emergent, productive and critical rather than viciously circular and

conservative, it is unilateral or of-the-last-instance.

Laruelle thus rails against theories of value that posit a transcendent numeraire or ‘universal substance’ that acts as a third term that renders all commodities commensurable. This is directed not only to the concept of ‘utility’ in economics, but also the very tedious first chapters of Marx’s *Capital* that introduce the notion of labour-power. Both can be used as a ‘vicious circle’ to explain an event by means of itself: this commodity is worth \$X because it will bring X amount of utility to the buyer / because X amount of labour-power went into it; we know this because the price is \$X.

Following Laruelle, in order to break with this structure—which  $\mathfrak{A}$  identifies with Molière’s *virtus dormitiva*—we must divorce *price* from any reference to the concept of *value*. While marginalist economics has succeeded in purging overtly metaphysical considerations from its corpus, it is quite uncontroversial to say that Marxism has not. This introduction will outline how the project of *econo-fiction* helps us to avoid the philosophical traps encountered by other approaches, first through a deliberately simple example that highlights how econo-fiction differs from representationalist views, then by delineating the project’s scope and limits.

## 2: “The great philosophical value of game theory is in its power to reveal its own incompleteness.” –Anatol Rapoport (1966: 214)

It is common for behavioural economists to run experiments with middle-class white male college students in order to test economic theories. In a Prisoner’s Dilemma scenario, the players are expected to defect (rather than cooperate), so the experimenters set up such a scenario using monetary incentives, and often find that players cooperate instead of defect. From this they conclude that game theory is wrong, or at least not the whole story. In practice, however, economists do not conclude that game theory is falsified, and for this they are often made fun of. My humble intention in this section is to show that it does not necessarily follow from such results that game theory is falsified, and to shed doubt on the helpfulness of ‘falsification’ itself.

For the reader unfamiliar with game theory, the Prisoner’s Dilemma is a scenario where both players have two possible moves: let us say they can *cooperate* (C) with or *defect* (D) against the other player. The game is symmetric, so that if both players cooperate, both get a payoff of 2, and if both defect, both get a payoff of 1. Yet, if one player defects and the other cooperates, the defector gets 3 and the cooperator gets 0. That is:

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We assume here that the payoffs *already* take into account any feelings of altruism on the part of the players, or any other additional factors that may influence their decision. This effectively deflates the notion of game theoretic ‘rationality’ of any of its intuitive connotations. That is: the notion of rationality has no positive content, but instead operates as a form of tautology—a rational player is defined as one who takes rational actions, and we infer from these rational actions the structure of the game. Therefore, the economist does not conclude from cooperation in an experimental Prisoner’s Dilemma that game theory is wrong (nor that it’s not inapplicable because the players are ‘irrational’), but *that the utility function is misspecified*: although the experimenters set up the game as a Prisoner’s Dilemma, the players’ sense of altruism acts so that the ‘payoffs’ in the game are composed of more than just the monetary incentives being offered to them. The specific numbers are not important, only the ordinal structure of the game; any affine linear transformation of the payoffs, of the form  $y = mx + b$  (where  $m > 0$  and  $b \in \mathbb{R}$ ), is likewise valid. The point is that if P1 cooperates, then P2 is better off defecting, giving P2 the payoff 3 (rather P2 getting 2); if P1 defects, then P2 is better off defecting, to get a payoff of 1 instead of 0. Since the game is symmetric, the same logic works in reverse for P1. So whatever the other player does, it is always better to defect. The rational outcome is thus (D,D), where both players are worse off than they would be in the outcome (C,C).

Thus, instead of the payoff matrix given above, we infer that the payoff matrix must be some other configuration that allows the outcome (C,C) to be a Nash equilibrium. For instance, a defecting player may feel guilty if the other player cooperates, such that this guilt is worth -1 utility points; hence we get the following payoff matrix where if both players cooperate, neither has an incentive to defect:

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By this example I hope to have shown how econo-fiction operates as a new *interpretation* of economics that is observationally equivalent to typical interpretations of its formalism, except does not focus on ‘representing the world’. We also see how approaches such as behavioural economics, which market themselves as adding more ‘realism’ to economic theory, in fact rely on a positivist framework (e.g. Popperian falsification), while it is *orthodox economics* that is post-positivist. And we see (as I argue, far less lucidly, in  $\mathfrak{A}$ ) that the rhetorical notion of ‘experiments’ is certainly not innocuous here, given that our payoffs (utilities) are not observable. I believe that economic applications of randomized controlled trials—modelled after those used in medicine—can be criticized in a similar fashion, though I leave that for another time. In a setting where the Prisoner’s Dilemma is played multiple times, and where the players cooperate at first but then defect later, it is observationally equivalent to say, 1) that the players are irrational at first and learn to play as they go along (the typical reading), or 2) that the players do not change, but it is the *game* that changes due to updates in the utility function. The rhetoric of ‘experimentation’ tends to reify the idea of an

unchanging 'game' being played, and so reinforce the positivist reading of the players being 'irrational'. The concept of experiment gives the impression that the utility function is controlled for, while this is not the case. All of this will be completely obvious to economists, but new (and perhaps controversial) to the philosophically-inclined reader—which is exactly what I'm going for.

Linking this to our above passage by Laruelle, we see that the notion of *utility* as used in economics has been stripped of its philosophical connotations, and so operates as an inductive placeholder. This is also illustrated by the fact that any affine linear transformation ( $y = mx + b$ , s.t.  $m > 0$  and  $b \in \mathbb{R}$ ) of the above payoff matrix suffices to 'represent' the Prisoner's Dilemma scenario: we can multiply all the payoffs by 3 ( $m=3$ ), add 2 to all the payoffs ( $b=2$ ), or both at once, and all of these are valid depictions. (The cardinal numbers are only important if probabilities, i.e. mixed strategies, are included.) In effect, the ordinal utilities used in game theory are a way of decomposing a scenario (or narrative) to the least possible amount of information able to adequately it. A unit of measurement with a fixed zero, such as length, only requires a linear multiple  $y = mx$  to convert from one system to another, so that 1 meter = 3.28 feet; without a fixed zero, as with temperature, we also need an additive term  $b$ , so that  $^{\circ}\text{C} \times (9/5) + 32 = ^{\circ}\text{F}$ . Ordinal utility goes a step further: *any* positive multiplication and *any* addition/subtraction for all the terms in the payoff matrix is observationally equivalent to any other (provided we are not using probabilities). This is a nicely intuitive way of showing what I mean in saying that economics *deconceptualizes* extant narratives. It also underscores the absurdity of attributing causality to the notion of utility, as embodied in our payoffs: all of the causal factors influencing a specific decision are rendered *exogenous* (external) to the model; the Prisoner's Dilemma is thus an allegory (**not** a metaphor) that can model any situation satisfying its ordinal form—from cancer cells to traffic jams to the evolution of language. Due to game theory's use of *exogeneity*, the *outcome* of any game considered in the abstract is—for all intents and purposes—treated as determined-in-the-last-instance by the One-in-One.

### 3. "In matters of political economy, language can be used only as in poetry."

Economics is a remarkably forbidding discipline. It is common for people who are otherwise impressively erudite to not know the slightest thing about it, save a few catch words like 'supply and demand', 'exchange', and 'the economy'. Yet in fact, 'supply and demand' is used mostly by businessmen and politicians, seldom by actual economists. Philosopher and quant Élie Ayache (2010: 54) actually *criticizes* economics as "obliterat[ing] the exchange instead of affirming it"; even in financial economics, exchange is "merely a zero point supposed to level everything down to the random walk" (ibid., 330). Laruelle (2015: 161; cf. 163-5) writes that within a non-philosophical framework, "No longer can 'history' or 'society', 'economy' or 'capitalism' be posited simply and abstractly as objects that are assumed to be free from a *superior ideological* representation, i.e. posited according to their *possible philosophizable sense*." That is to say: there is no economic world. Thus it appears that we've purged economics of everything most dear to it. What is there left to talk about?

A silly question.  $\mathfrak{J}$  is intended to open up to philosophically-inclined readers an entire discipline spanning hundreds of journals treating every topic under the sun, and a toolbox spanning close to any mathematical formalism yet invented, allowing for transdisciplinary influences no-one would have ever expected. Clive Granger found his famous notion of Granger causality—now regularly used for both econometric time series and fMRI brain scanning—in a paper on cybernetics; Tom Sargent got a Nobel for introducing recondite mathematical tools from engineering into economics; John Conway discovered that by defining numbers as games, we can create a whole new class of numbers—the *surreal numbers*—that contains every other class, plus lets us rigorously define and use brand new numbers such as  $\sqrt[3]{\infty}$ . Both anti-capitalist sentiment and derision of quantitative methods are deeply entrenched in the edifice of 'theory'; likewise, those coming from quantitative disciplines are often inclined to think of economics as mercantile and insipid. I hope that  $\mathfrak{J}$  will serve as a challenge to both audiences, opening up to them an entirely new regional knowledge, letting them see the deep para-conceptual beauty even in things, like auction theory, where one would never expect it.

If nothing else, however, I think that the most important points to take away from  $\mathfrak{J}$  are the following:

- Economic models are not metaphorical, but allegorical; yet, philosophy must treat them as metaphor. This is why treatises on concepts like 'labour' or 'debt' seldom have any direct bearing on economics.
- Economics is quite a bit different from the political economy of Adam Smith or Marx; if a method like game theory seems silly, this is often because of our *interpretation* rather than anything intrinsic to it.
- Attributing agency to grand concepts such as 'neoliberalism' involves making a great many assumptions; more often than not it's a form of intellectual laziness, and we'd be better off not using the term at all.

I've had a year and a half to mull over my essay, and so have changed my mind about a few points. First,  $\mathfrak{J}$  frames deconceptualization in an overly linear way that privileges the use of complicated mathematics, whereas most economists tend to emphasize simple notation; I now follow Khan's (1993: 768) dictum that "Mathematics is a Tower of Babel." Also,  $\mathfrak{J}$  is heavily within the *structural* approach to economics, with its emphasis on narratives/explanations (and, though I wouldn't have admitted it at the time, causality), as opposed to *reduced-form* approaches which leverage numerical methods (e.g. data-mining) in order to find answers without needing to bother with explanations; I now believe that econo-fiction can be fruitful for making sense of tools such as machine learning in economics, perhaps even bridging the gap between structural and reduced-form. Lastly, I wish that  $\mathfrak{J}$  had gone further into the specific sub-branches of economics, and not just tried to speak of 'economics' as a whole; in upcoming papers I plan to extend the econo-fictional approach to game theory and econometrics; interested readers are

directed here.

At its best, theory is a prism that brings the trivialities of life into living color. Why write about love or art, then, when you can write about accounting, or the volatility smile? Brassier (2003: 34) writes: “Ultimately, then, non-philosophy can only be gauged in terms of what it can do. And no one yet knows what non-philosophy can or cannot do.” After a first generation of Laruelleans trying to figure out what the heck Laruelle is saying and a second generation trying to relate Laruelle to other philosophers, I hope that my project of econo-fiction can help to inspire further forays into applied non-philosophy, whose results will speak for themselves.

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[The text “[There is no economic world](#)” appeared first on Graham Joncas’ blog *Linguistic Capital*.]

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- IMPRESSUM
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